

a1 submitting an order for the option to the exchange within 1 millisecond of the step of receiving the current market price.

36. (Amended) An automated trading method for use in an exchange system network, comprising:

receiving market information for a first traded item;

identifying a transaction value for the first traded item in a look-up table of transaction values for the first traded item, wherein the identifying is responsive to receiving the market information for the first traded item and wherein the transaction values in the look-up table are based on price information for a second traded item related to the first traded item;

using at least the identified transaction value in determining whether to submit an order for the first traded item.

#### REMARKS

Applicants greatly appreciate the courtesy extended to them during the interview of October 16, 2002.

Claims 1-46 stand rejected under 35 U.S.C. § 103 as being unpatentable over U.S. Patent No. 5,101,353 to Lupien et al. ("Lupien") in view of U.S. Patent No. 5,258,908 to Hartheimer ("Hartheimer").

Responsive to the Office Action, Applicants have amended claims 32 and 36. Claims 1-46 are presently pending.

***The Amendment to the Claims***

Applicants have amended claims 32 and 36 to broaden the scope of the claims and clarify that these method claims are not in step-plus-function format. The “identifying” step of claim 36 has also been amended. The amendments are not responsive to any rejection or prior art. Applicants do not intend to surrender any subject matter making the amendments.

***The Rejection under 35 U.S.C. § 103***

Applicants respectfully traverse the rejection of claims 1-46 under section 103 as being unpatentable over Lupien and Hartheimer.

Neither Lupien nor Hartheimer teach or suggest, among other things, “data reference logic that outputs a transaction value for the first traded item from a data structure based on price information for a second traded item related to the first traded item,” as recited in independent claim 1. Lupien discloses an automated system that matches trades “internally” (i.e., between customers of the trading system) and also that submits orders externally to an exchange. Figure 1 illustrates the automated system. Figure 7 provides a process flow of the trading system operation for a particular customer. In general, market information is received at CPU 10. The information is adjusted for “variability” and then a “normal” price for a security is calculated using an exponentially weighted average of “recent trades and/or quotes adjusted for overall market movement.” Each security in the portfolio is analyzed based on various criteria, including current holdings of the security in view of the portfolios base position in that and related securities. Details of the analysis are not provided. The resulting analysis is used to generate buy/sell orders.

Lupien simply does not disclose “data reference logic,” as recited in claim 1. While the Examiner cites to col. 3, lines 7-23 and col. 6, lines 3-15 of Lupien to support the rejection, the cited text does not disclose the “data reference logic” of claim 1. For example, the cited text does not describe “data reference logic that outputs a transaction value,” as recited in claim 1. Hartheimer does not make up for the deficiencies of Lupien. Accordingly, Applicants

respectfully submit that claim 1 is patentable over Lupien and Hartheimer, whether taken alone or in combination. Applicants respectfully request withdrawal of the rejection of claim 1 and each of its dependent claims.

With respect to independent claims 27 and 36, the Examiner admits that Lupien fails to disclose a "look-up table." Accordingly, Lupien cannot disclose "identifying a desired price for the first traded item in a look-up table based on price information for a second traded item related to the first traded item", as recited in claim 27. Lupien also cannot disclose "identifying a transaction value for the first traded item in a look-up table ...", as recited in claim 36. However, the Examiner concludes that it would have been obvious to modify Lupien to include look-up tables as claimed based on the teachings of Hartheimer in order to "provide a substitute for the matching means in Lupien, to provide the status of a particular traded security during the trading process." The Examiner further states that "such a modification would constitute an alternative means of providing status of a security ...."

However, Hartheimer has nothing to do with "identifying a desired price for a first traded item in a look-up table ...", as recited in claim 27, or "identifying a transaction value for a first traded item in a look-up table ...", as recited in claim 36. Hartheimer teaches the use of a look-up table to register ongoing currency transactions and thereby prevent "stereo trading." Stereo trading occurs when two different traders at the same bank engage in a trading conversation with the same party regarding the same currency pair. As a result, the two traders from the same bank may bid against themselves. Hartheimer teaches a look-up table to prevent this "stereo trading." The look-up table in Hartheimer includes entries that identify a party in an ongoing trading conversation and the currency pair involved in that trading conversation. An entry in the look-up table is registered at the start of a trading conversation and de-registered at the end of the trading conversation. If the other party and the currency pair of an ongoing transaction are known, another trading conversation with the same party and same currency pair can be prevented.

The look-up tables in Hartheimer have nothing to do with "identifying a desired price for a first traded item in a look-up table ...", as recited in claim 27, or "identifying a transaction

value for a first traded item in a look-up table ...”, as recited in claim 36. As described in the present specification, the look-up tables are used in the present invention to identify extremely rapidly the price information for the first traded item. This reduces the delay needed for the system to determine whether an order or quote should be issued based on newly received price information. As noted in the present specification, by reducing this delay, the system can participate in the most profitable transactions available through the exchange.

Accordingly, even if Lupien and Hartheimer were combined, the resulting combination would not teach or suggest “identifying a desired price for a first traded item in a look-up table ...”, as recited in claim 27, or “identifying a transaction value for a first traded item in a look-up table ...”, as recited in claim 36. Moreover, there is no motivation to combine Lupien and Hartheimer as proposed by the Examiner. For at least these reasons, Applicants respectfully request withdrawal of the rejection of independent claims 27 and 36 and each of their dependent claims.

With respect to independent claim 32, neither Lupien nor Hartheimer teach or suggest, for example, “submitting an order for the option to the electronic exchange within 1 millisecond of the step of receiving the current market price.” Lupien does not disclose submitting an order to an electronic exchange within 1 millisecond of receiving the current market price, nor does it appear capable of doing so. Hartheimer relates to preventing “stereo trading” in currency trades. It has nothing to do with submitting orders to an electronic exchange whatsoever. Because neither Lupien or Hartheimer teach or suggest “submitting an order for the option to the electronic exchange within 1 millisecond of the step of receiving the current market price,” as recited in independent claim 32, Applicants respectfully submit that the rejection of claim 32 and each of its dependent claims should be withdrawn.

Applicants respectfully submit that the claims are in conditions for allowance and request favorable action.

**Except** for issue fees payable under 37 C.F.R. 1.18, the Commissioner is hereby authorized by this paper to charge any additional fees during the entire pendency of this  
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application including fees due under 37 C.F.R. 1.16 and 1.17 which may be required, including any required extension of time fees, or credit any overpayment to Deposit Account No. 50-0310.

This paragraph is intended to be a **CONSTRUCTIVE PETITION FOR EXTENSION OF TIME** in accordance with 37 C.F.R. §1.136(a)(3).

Respectfully submitted,

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**VERSION SHOWING CHANGES MADE**

32. (Amended) An automated method of trading in an [electronic] exchange system network, comprising [the steps of]:

- receiving a current market price for an option from an [electronic] exchange;
- comparing the current market price for the option with a desired price for the option, said desired price derived from current price information for an underlying security for the option; and
- submitting an order for the option to the [electronic] exchange within 1 millisecond of the step of receiving the current market price.

36. (Amended) An automated trading method for use in an [electronic] exchange system network, comprising [the steps of]:

- receiving market information for a first traded item;
- identifying a transaction value for the first traded item in a look-up table of transaction values for the first traded item, wherein the identifying is responsive to receiving the market information for the first traded item and wherein the transaction values in the look-up table are based at least in part on [at least one of (a)] price information for a second traded item related to the first traded item [and (b) received market information for the first traded item]; and
- using at least the identified transaction value in determining whether to submit an order for the first traded item.